

(iv) Adopting policy for financial management practices, including a system to assure accountability for center resources, approval of the annual project budget, center priorities, eligibility for services, including criteria for partial payment schedules, and long-range financial planning;

(v) Evaluating center activities, including services utilization patterns, productivity of the center, patient satisfaction, achievement of project objectives, and development of a process for hearing and resolving patient grievances;

(vi) Assuring that the center is operated in compliance with applicable Federal, State, and local laws and regulations; and

(vii) Adopting health care policies including scope and availability of services, location and hours of services, and quality assurance procedures.

**§ 56.305 Grant evaluation and award.**

(a) Within the limits of funds determined by the Secretary to be available for such purpose, the Secretary may award grants under this subpart to applicants therefor which, in his judgment, will provide needed health services in a catchment area which will not be served by another project funded under this part and meet the applicable requirements of section 319(d)(1)(A) of the Act and this part, in accordance with priorities established pursuant to section 319(b) of the Act and § 56.107 of subpart A of this part: *Provided*, That in the case of applicants which propose to serve substantially the same catchment area or where available funds are insufficient to fund all approvable applications within a priority category specified in § 56.107, the Secretary will award grants to the applicants which, in his judgment, will best promote the purpose of section 319(d)(1)(A) of the Act and the applicable regulations of this part, taking into account with respect to each application:

(1) The extent to which the project would provide for the elements set forth in § 56.303;

(2) The capability of the applicant to provide quality health care services;

(3) The soundness of the financial management plan for assuring effective

utilization of grant funds and maximizing non-grant revenue;

(4) The administrative and management capability of the applicant;

(5) The capability of the applicant to provide primary health services directly. In evaluating the relative capability of the applicant to provide such services directly, the Secretary shall take into consideration whether the direct provision of such services is inappropriate because:

(i) Provision of such services through contract or other arrangement would be more cost-effective;

(ii) Provision of such services directly would unnecessarily duplicate existing resources; or

(iii) Provision of such services other than directly would enhance the accessibility or acceptability of such services to the population to be served.

(6) The degree to which the applicant intends to integrate services supported by a grant under this part with health services provided under other federally assisted health services or reimbursement programs or projects;

(7) The extent that community resources will be utilized by the project; and

(8) Consistent with the other requirements of this part, the degree to which and the manner in which the applicant provides specific health services which the Secretary has, through publication of a notice in the FEDERAL REGISTER, established as services which should receive emphasis by applicants.

**Subpart D—Grants for Operating Migrant Health Entities**

**§ 56.401 Applicability.**

The regulations of this subpart, in addition to the regulations of subpart A of this part, are applicable to grants awarded pursuant to section 319(d)(1)(B) of the Act for the costs of operation of entities which intend to become migrant health centers and which provide health services to migratory agricultural workers, seasonal agricultural workers, and the members of their families in high impact areas.

**§ 56.402 Application.**

To be approved by the Secretary under this subpart, an application for a